

337134

U.S. DEPARTMENT OF TRANSPORTATION  
OFFICE OF HEARINGS

FEDERAL AVIATION  
ADMINISTRATION

Complainant,

v.

DISCOVERY CANADA  
MERCHANDISERS LTD./LANCER  
GROUP

Respondent,

FAA Docket No. CP04SO0025  
FAA Case No. 2003SO700053  
DMS No. FAA-2004-19377-8

RESPONDENT'S STATEMENT OF SETTLEMENT EFFORTS AND  
PRELIMINARY WITNESSES AND EXHIBITS LISTS

Discovery Canada Merchandisers Ltd./Lancer Group ("Discovery")  
hereby provides a statement of settlement efforts and its preliminary witnesses and  
exhibits lists.

Statement of Settlement Efforts

Respondent continues to work with the Federal Aviation  
Administration ("FAA") to settle this matter as justly as possible in advance of the  
hearing. Respondent has requested from the FAA additional documents that will  
assist Respondent in connection with the settlement discussions. Respondent is  
also preparing additional materials about Respondent's financial condition and  
plans to submit those materials to Complainant in connection with the settlement

discussions. In addition, Respondent has requested an in-person or telephonic meeting between FAA and Respondent officials to discuss settlement terms.

Witnesses List

1. James H. Challis  
President  
Discovery Lancer Group  
311 Saulteaux Crescent  
Winnipeg, Manitoba R3J 3C7  
Canada

Mr. Challis will testify regarding the following: (i) background information regarding Respondent's corporate structure; (ii) Respondent's financial condition, (iii) the process used by Respondent to ship hazardous materials; (iv) corrective actions taken by Respondent after being notified of the FAA investigation; and (v) other mitigating factors.

Exhibits List

1. Documents regarding Respondent's financial condition.
2. Documents related to corrective actions taken by Respondent.

Respectfully submitted,



E. Tazewell Ellett  
William L. Elder  
*Counsel for Respondent*

Dated at Washington, DC  
May 24, 2005

CERTIFICATE OF SERVICE

This is to certify that I have this date served the original and one (1) copy of the Respondent's Notice of Appearance upon:

Hearing Docket  
Federal Aviation Administration  
800 Independence Avenue, SW  
Room 924A  
Washington, DC 20591  
Attention: Hearing Docket Clerk, AGC-430  
Wilbur Wright Building – Room 2014

with a copy to:

The Honorable Richard C. Goodwin  
Administrative Law Judge  
Office of Hearings, M-20  
Room 5411  
U.S. Department of Transportation  
400 Seventh Street, SW  
Washington, DC 20590

Gerald A. Ellis, Attorney  
Office of the Regional Counsel, ASO-7  
Federal Aviation Administration  
Southern Region  
P.O. Box 20636  
Atlanta, GA 30320

by sending them Certified Mail, Return Receipt Requested.



William L. Elder  
202-637-8787

Dated at Washington, DC  
May 24, 2005